

## **SUMMARY**

The market in Portugal for Laboratory and Scientific Equipment is supported by healthy growth in the pharmaceutical, food processing and biotechnology industries. Analytical instruments usage is rising rapidly in many areas, including pollution monitoring and industrial quality control. In addition private testing laboratories, including drug analysis, offer a growing market. On-line analytical instruments are penetrating the traditional process control market as customers require faster and more accurate data to improve control of product processes for better quality and less waste. Accordingly, there will be an increasing market for U.S. laboratory and scientific instruments. The U.S. currently shares about 25 percent of this market. An average annual growth rate of 5-10 percent is expected during next two years.

The most important products covered in this report are chromatographs and electrophoresis instruments (9029.20); spectrometers, spectrophotometers and spectrographs (HS 9027.30); physical and chemical analysis instruments (HS 9027.50); mass spectroscopes (HS 9027.80); and measuring and testing equipment/instruments (HS 9031).

### **A. Product/Service Market Analysis**

The total market for Laboratory and Scientific Equipment reached \$128 million in 2004. The European Union (EU) is the largest Portuguese trading partner in Laboratory and Scientific Equipment. Of the EU countries, Germany is the most prominent supplier (18 percent), followed by France (14 percent) and the United Kingdom (12 percent). However, this is one of the rare industrial sectors in Portugal where the U.S. has the lion's share. Imports from U.S. were \$32 million in 2004 representing nearly 25 percent of Laboratory and Scientific Portuguese imports. The annual growth potential for the industry sector for the next three years is estimated at about 10 percent.

Portuguese production is insignificant and limited to small instruments and apparatus and does not include sophisticated electronics. Total Portuguese imports of Laboratory and Scientific Equipment were \$126 million in 2004 and are estimated to rise to \$138 million in 2005.

#### **o Market Profile**

Expansion of the market for Laboratory and Scientific Equipment is supported by a healthy growth in the pharmaceutical, food processing and biotechnology industries. Analytical Instruments usage is rising rapidly in many areas, including that of pollution monitoring and quality control of industries, while private testing laboratories, including drug analysis, offer a growing market. Control of AIDS has become a major concern for the Portuguese health authorities. The various public health care institutions represent a good market for laboratory analytical and scientific apparatus. New and stricter environmental policies will force most manufacturing industries to thoroughly analyze not only their products but also their other outputs, residues and by-products. The Portuguese Government has released new and stringent air emission standards and waste water effluent discharge standard which were put into effect for all newly-established factories and will need to be put into effect by existing factories over the few years. In addition to environmental equipment, new quality control measures in the food industry require sophisticated production-line testing equipment. This equipment performs sampling, testing and analysis of food products as they are being

processed. On-line analytical instruments are penetrating the traditional process control market as their customers require faster and more accurate data to improve control of product processes for better quality and less waste.

Total market size for this sub-sector was \$128 million in 2004. Total imports were \$126 million, and imports from the U.S. were \$32 million, representing 25 percent of total Portuguese imports. Growth in this sector will range between 5-10 percent annually over the next two years. U.S. firms are well positioned to supply Laboratory and Scientific Equipment.

o Statistical Data.

MARKET SIZE TABLE (US DOLLARS MILLIONS - PER YEAR)

Subject	Last	Current	Next	Proj.av.growth
	2003	2004	2005	2006-2008
Import market	110	126	138	10-15%
Local production	5	6	6	2-5%
Exports	3	3	3	2-5%
Total market	112	128	141	5-10%
Imports fm. U.S.	30	32	34	5-10%
Exchange rate	1.4	1.4	1.4	1.4

Estimated Future Inflation Rate: 2-3 %

Last Year's Import Market Share (Percent for US and Major Competitors):

US: 25%; Germany: 18%; France: 14%; United Kingdom: 12%; Japan 12%; Switzerland: 8%

SOURCES: Import and export statistics for 2004 are unofficial estimates.

o Best Sales Prospects

Demand for the following products is increasing, creating real market potential for:

HS 9027.20 – Chromatographs

HS 9027.30 – Spectrometers

HS 9027.50 – Chemical analysis instruments

HS 9027.80 – Mass spectrometers

## B. Competitive Analysis - Supply Side

American analytical and scientific instruments enjoy an excellent reputation in Portugal. Trade fairs in the U.S. are well attended by Portuguese importer/distributors and end-users. The overall outlook for American scientific instruments seems to be rather promising.

o Domestic Suppliers

Portuguese production is insignificant and limited to small instruments and apparatus not including sophisticated electronics. Local production covered approximately 5 percent of market needs in 2004.

Some of the most important Portuguese companies supplying the market are Anatron, EN, Hannapro, Industrial Laborum, and Sartorius – (for complete addresses, see the key Contacts section in this report).

#### **o Foreign Suppliers (3rd country)**

Imports covered about 98 percent of the market and are estimated to reach \$138 million in 2005. The projected average annual growth for the next two years is expected to be about 10-15 percent. U.S. is the primary source of these imports, accounting for 25 percent of the total. Other major suppliers in descending order of importance are Germany (18 percent), France (14 percent), U. Kingdom (12 percent), Japan (12 percent), and Switzerland (8 percent).

#### **o U.S. Suppliers**

Imports from the U.S. in 2004 were \$32 million or 25 percent of total Portuguese imports. An average annual growth rate of 5-10 percent is expected during the next two years. American Laboratory and Scientific Equipment enjoy a reputation of being innovative and of high quality. U.S suppliers will continue to face strong competition from the EU, even though they should maintain a good position in the market as software becomes a more important factor in the performance of equipment. Best prospects for U.S. exporters include chromatographs, spectrometers and physical and chemical analysis instruments.

#### **o Competitive Position Strategies**

### **C. End-User Analysis - Demand Side**

Since Laboratory and Scientific Equipment are used predominantly for chemical analysis, such end-users as pharmaceutical, food processing biotechnology, and chemical manufacturers will continue to be major markets. U.S. companies should maintain a good share of the market due to high quality of products offered. However, the duty free status for imports from the EU and the short distance between European suppliers and Portuguese end-users are significant competitive factors to be considered by U.S. suppliers.

### **D. Market Access Analysis**

The National Institute of Standards and Technology (NIST) in Maryland is recommended as the first point of contact for U.S. companies attempting to determine which Portuguese standards or EU directives may be applicable to their products. NIST maintains standard information for all ISO (International Organization for Standardization) member countries and can provide information on the appropriate identification number of the EU directive. Please contact:

NCSCI  
Global Standards and Information Group  
National Institute of Standards and Technology

100 Bureau Drive, Stop 2150  
Gaithersburg, MD 20899-2150  
Phone: 301-975-4040  
Fax: 301-926-1559  
E-mail: [ncsci@nist.gov](mailto:ncsci@nist.gov)  
Internet: <http://ts.nist.gov>

Another source of information is the American National Standards Institute (ANSI) in New York. ANSI is the official U.S. repository for all ISO member country standards. ANSI may be contacted at:

ANSI  
25 West 43rd Street,  
4 floor  
New York, NY 10036  
Phone: 212-642-4900  
Fax: 212-398-0023  
E-mail: [info@ansi.org](mailto:info@ansi.org)  
Internet: <http://www.ansi.org>

#### **o Business Practices**

Portugal is a relatively small market in which most foreign firms limit themselves to one representative for the entire country, with business activities and operations generally concentrated in Lisbon and Porto. Local representation is desirable and essential to doing business in Portugal. Portuguese importers and agents also handle distribution and service. Locating good distributors is, therefore, very important. Portuguese distributors prefer to buy directly from the manufacturer and will avoid middlemen when possible.

Distributors accept the use of confirmed and irrevocable letters of credit. In some cases, open accounts are used with payment within a period of 60 or 90 days. Portuguese importers find both practices acceptable.

#### **o Regulations & technical Requirements**

There are no restrictions for imports of Laboratory and Scientific Equipment, subject to EU import regulations.

Customs duties were eliminated for trade between EU member-countries. Portugal applies the current EU Common External Tariff (CXT) on imports from third countries, including the U.S. A valued-added Tax (VAT) of 19 percent is applied in Portugal on all Laboratory and Scientific Equipment, whether produced domestically or imported. European suppliers, with their lower transportation costs, enjoy an additional advantage because Portuguese import duties and VAT are levied on the CIF value of the item imported.

Technical specifications are established by the EU. In most cases, specifications satisfying U.S. requirements also meet Portuguese ones. Only electrical parts require adaptation. Electrical installations in Portugal operate on 50 hertz cycles; power is supplied at the rate of 220V (single phase), and 220V and 380V (triple phase).

#### **o Contact Assistance**

The Commercial Service/Portugal offers the Gold Key service for American exporters wanting to come to Portugal to discuss business opportunities with Portuguese companies. Under the Gold Key service, CS will prepare a schedule of appointments for the American company before arrival, and will provide an interpreter during the visit, if necessary.

**o Trade Promotion Opportunities**

U.S. Embassy - Lisbon

Gregory Taevs, Senior Commercial Officer  
U.S. Embassy  
Av. das Forças Armadas  
1600 LISBOA, PORTUGAL  
Tel. (351) 217-702-526  
Fax: (351) 217-268-914  
E-mail: [Gregory.taevs@mail.doc.gov](mailto:Gregory.taevs@mail.doc.gov)

Adolfo Coutinho  
Environmental Technologies Commercial Specialist  
Commercial Services of the American Embassy  
Av. da Boavista, 3523 – 5<sup>th</sup> Floor – Room 501  
4100-139 PORTO, PORTUGAL  
Tel. (351) 226-186-607  
Fax: (351) 226-186-625  
E-mail: [Adolfo.coutinho@mail.doc.gov](mailto:Adolfo.coutinho@mail.doc.gov)

Trade fairs

NORMEDICA, September 22-25, 2005

PORTUGAL AMBIENTE, EXPONOR, June 5-8, 2006 (International Exhibition of Services and Equipment for Environmental Protection)

For more information on these trade fairs, contact:

EXPONOR - Feira Internacional do Porto  
Departamento de Feiras  
4450-617 LECA DA PALMEIRA, PORTUGAL  
Tel: (351-22) 998-1400  
Fax: (351-22) 998-1482  
[www.exponor.pt](http://www.exponor.pt)  
E-mail: [info@exponor](mailto:info@exponor).

**o Key Contacts**

For a complete list of Key contacts including Portuguese Importers/Distributors of LAB Equipment as well as Portuguese Manufacturers of Laboratory and Scientific Equipment, please contact the U.S. commercial service representatives in the U.S. Embassy – Lisbon and

the satellite office in Oporto listed above.